The third volume is complete in itself and should there be a person who has to pay the New York tax and no federal tax he would find all he needs in this volume. But since every one does pay a federal tax the book is arranged on the assumption that having already made up his federal tax return the taxpayer now wishes instruction as to how to adjust the figures so as to fit the New York return. In addition to the general discussion of each provision of the law, there are forms enabling the taxpayer to set forth side by side the figures for the federal and those for the state return. Some important court decisions are reprinted in full as is the New York statute itself. The book is thus very complete, indeed.

CARL C. PLEHN.

University of California.

Introduction to Public Finance. By CARL C. PLEHN. (New York: The Macmillan Company. 1920. Pp. xix, 446.)

This is the fourth edition of a very widely used elementary textbook, in fact the only one in this field of recent enough date and sufficient scope to be used as the foundation of a course in public finance. For this reason its appearance will be welcomed by all teachers of that subject. But it must be said that a course in which this was the only text, or in which the teacher did not take great pains to check up and supplement the information therein contained, would be highly unsatisfactory.

The necessary criticisms are of two sorts: criticisms of the book and criticisms of the revision. Taking the second first, we find numerous evidences of carelessness in bringing statements of fact down to date. I mention only a few: on page 44 it is stated that the abuse of the pension system ceased about 1900, although the Sherwood act dates only from 1913; on page 48 there is a statement which implies that the United States has not had a protective tariff since 1909; the description of the British income tax in the chapter on tax systems takes no account of the reforms of 1909; on page 145 it is stated that the proportion of United States federal income yielded by import duties is now slightly less than one half the total. Some of the revisions made are not incorporated in the text but added as appendices, formal or otherwise; for example, the chapter on the growth of public debts stands as in the previous edition, even as to the tables of statistics. On the other hand, two new and helpful chapters are added on the growth of public expenditures and on the war and excess profits taxes, and the chapter on the financial administration of wars is completely revised and modernized. In general it may be said that the theoretical part of the work has been more carefully gone over than the descrip-

tive. The author's views have suffered little change since 1909, except that he has more faith now in the property tax, but he has omitted some theoretical discussion for lack of space.

Professor Plehn, as is well known, uses a threefold classification of revenues, based not so much on the way the money is raised as on the nature of the benefit conferred on the citizen in return for his contribution. The term "tax" is limited to compulsory contributions "to defray expenses incurred in conferring a common benefit upon the residents of the State," whereas "fees" are compulsory contributions to defray expenses of governmental action which "confers a special benefit, or one that is arbitrarily so regarded." Is not this attempt to distinguish different methods of raising money not according to any incident of its collection, but according to the justification for spending it or the way it is to be spent, an error of the same sort as that made by economists who declare that receipts are not income if used to increase one's investments and not expended on current enjoyments? How can one trace the actual sums received so as to be sure that they are not expended in more than one way? Is it not possible for different states, or individuals, receiving income in identical fashions, to spend them differently without altering the nature of the income? Granting that it is proper to raise larger sums from some citizens than from others on account of benefits received from the state, there are many ways of raising those sums and it would be misleading to classify them all together because the benefits are similar. Likewise it is undesirable to split up a payment, as Professor Plehn does, if it exceeds the cost of the service, and call it both a fee and a tax. Would he also designate as a tax the excess over cost of a government monopoly price? Presumably not, as he says that such prices are "contractual" or "commercial," whereas taxes are "compulsory."

The sections describing recent war financing, both American and foreign, are useful and well written. The historical sections of the previous edition had a good reputation, and the new parts deserve it as well. Perhaps some of the criticism of the present revenue act is beyond the grasp of an elementary student, but that is of slight consequence. One criticism is, however, beyond the reviewer's grasp. By this I mean the statement on page 307 that the setting forth of high rates for 1919 and lower rates for 1920 and subsequent years discouraged production, because producers waited for the lower rates. It must be remembered that the revenue act was not passed until 1919, and that the income on which the 1919 rates were collected had been already acquired, during the year 1918. The statement of rates for subsequent years might be expected to have the opposite effect, since it implied that the taxes would not be repealed for some years.

There are some other theoretical points that invite comment, although possibly they are merely cases of carelessness in expression. One example is the discussion of the incidence of the excess profits tax on page 305. "If, as is certainly likely to be the case, the rapid rise in prices curtailed purchases and lessened the volume of business in physical, not in money, measure, it might be possible for the company to shift the tax in part if not wholly to the consumer." Why is it easier to shift a tax if rising prices curtail demand? Is it not the fear of a lessened demand that often causes sellers to refrain from attempting to add taxes to their selling prices? The really interesting question in this connection is why the rising prices during the war did not cut down demand more than they did.

It is unfortunate that such a book as this, in its fourth edition after twenty years of useful existence, should contain so many defects apparently due to mere haste. These would be less important if it were a treatise for advanced students, in which the author's wide knowledge and good judgment would overshadow them, but in an elementary text they mean a needless burden on the teacher.

RUFUS S. TUCKER.

Harvard University.

NEW BOOKS

BOGART, E. L. *War costs and their financing.* (New York: Appleton. 1920.)

BOWLEY, A. L. *The change in the distribution of the national income, 1880-1913.* (Oxford: Clarendon Press. 1920. Pp. 27.)

BRÄUER, K. *Die Neuordnung der deutschen Finanzwirtschaft und das neue Reichssteuersystem.* Finanz- und volkswirtschaftlichen Zeitfragen, 67. (Stuttgart: Enke. 1920.)

BROWN, H. G. *The taxation of unearned incomes.* (Columbia: Missouri Book Co. 1920. Pp. 124.)

BROWN, J. R. *The farmer and the single tax.* (New York: Single Tax Club, 47 West 42d St. 1920.)

BURNS, E. *Modern finance.* (New York: Oxford Press. 1921. Pp. 64. $1.)

CHESSA, F. *Costo economico e costo finanziario della guerra.* (Rome: Athenaeum. 1920. 3.50 l.)

DALBERG, R. *Finanzgesundung aus Währungsnot.* (Berlin: Heymanns. 1920. Pp. viii, 103.)

DECKE, E. *Die neuen Reichssteuern.* (Leipzig: Teubner. 1920. Pp. 113.)

EMERY, G. F. *Income tax acts as they affect the public.* (London: Stevens & Sons. 1921. 21s.)

GAULT, J. *Excess profits duty and corporation profits tax.* (London: Effingham Wilson and Stevens & Sons. 1920.)